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PART V

Bills introduced in the Gujarat Legislative Assembly

(To be translated into Gujarati and the translation to be published in the *Gujarat Government Gazette*. The date of publication to be reported.)

The following Bill is published with the consent of the Speaker given under the proviso to rule 127A of the Gujarat Legislative Assembly Rules:-

THE GUJARAT GOODS AND SERVICES TAX (SECOND AMENDMENT) BILL, 2025.

GUJARAT BILL NO. 17 OF 2025.

A BILL

further to amend the Gujarat Goods and Services Tax Act, 2017.

It is hereby enacted in the Seventy-sixth Year of the Republic of India as follows:

Short title and commencement.

1. (1) This Act may be called the Gujarat Goods and Services Tax (Second Amendment) Act, 2025.

(2) Save as otherwise provided in this Act, –

(a) section 6 shall be deemed to have come into force with effect from the 1st April, 2025; and

(b) the remaining provisions shall come into force on such date as the State Government may, by notification in the *Official Gazette*, appoint:

Provided that different dates may be appointed for different provisions of this Act.

Amendment of section 2 of Guj. 25 of 2017.

2. In the Gujarat Goods and Services Tax Act, 2017 (hereinafter referred to as "the principal Act"), in section 2, – **Guj. 25 of 2017.**

(i) in clause (61), after the word and figure "section 9", the words, brackets and figures "of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017" shall be inserted with effect from the 1st day of April, 2025; **13 of 2017.**

(ii) in clause (69), for sub-clause (c), the following sub-clause shall be substituted, namely: -

"(c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal fund or a local fund.

***Explanation*. — For the purposes of this sub-clause–**

(a) "local fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called;

(b) "municipal fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a metropolitan area or municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called;";

(iii) after clause (116), the following clause shall be inserted, namely: –

"(116A) "unique identification marking" means the unique identification marking referred to in clause (b) of sub-section (2) of section 148A and includes a digital stamp, digital mark or any other similar marking, which is unique, secure and non-removable;".

Amendment of section 12 of Guj. 25 of 2017.

3. In the principal Act, in section 12, sub-section (4) shall be deleted.

Amendment of section 13 of Guj. 25 of 2017.

4. In the principal Act, in section 13, sub-section (4) shall be deleted.

Amendment of section 17 of Guj. 25 of 2017.

5. In the principal Act, in section 17, in sub-section (5), in clause (d), –

(i) for the words "plant or machinery", the words "plant and machinery" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2017;

(ii) the existing Explanation shall be renumbered as Explanation 1 thereof, and after Explanation 1 as so renumbered, the following Explanation shall be added, namely: –

"*Explanation 2.* – For the purposes of clause (d), it is hereby clarified that notwithstanding anything to the contrary contained in any judgment, decree or order of any court, tribunal, or other authority, any reference to 'plant or machinery' shall be construed and shall always be deemed to have been construed as a reference to 'plant and machinery'.".

Amendment of section 20 of Guj. 25 of 2017.

6. In the principal Act, in section 20, –

(i) in sub-section (1), after the word and figure "section 9", the words, brackets and figures "of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017" shall be inserted; **13 of 2017.**

(ii) in sub-section (2), after the word and figure "section 9", the words, brackets and figures "of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017," shall be inserted. **13 of 2017.**

7. In the principal Act, in section 34, in sub-section (2), for the existing proviso, the following proviso shall be substituted, namely: – **Amendment of section 34 of Guj. 25 of 2017.**

"Provided that no reduction in output tax liability of the supplier shall be permitted, if the—

(i) input tax credit as is attributable to such a credit note, if availed, has not been reversed by the recipient, where such recipient is a registered person; or

(ii) incidence of tax on such supply has been passed on to any other person, in other cases.".

8. In the principal Act, in section 38, – **Amendment of section 38 of Guj. 25 of 2017.**

(i) in sub-section (1), for the words "an auto-generated statement", the word "a statement" shall be substituted;

(ii) in sub-section (2), —

(a) for the words "auto-generated statement under", the words "statement referred in" shall be substituted;

(b) in clause (a), the word "and" shall be deleted;

(c) in clause (b), after the words "by the recipient,", the word "including" shall be inserted;

(d) after clause (b), the following clause shall be inserted, namely: –

"(c) such other details as may be prescribed.".

9. In the principal Act, in section 39, in sub-section (1), for the words "and within such time", the words "within such time, and subject to such conditions and restrictions" shall be substituted. **Amendment of section 39 of Guj. 25 of 2017.**

10. In the principal Act, in section 107, in sub-section (6), for the existing proviso, the following proviso shall be substituted, namely: – **Amendment of section 107 of Guj. 25 of 2017.**

"Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent. of the said penalty has been paid by the appellant.".

11. In the principal Act, in section 112, to sub-section (8), the following proviso shall be added, namely: – **Amendment of section 112 of Guj. 25 of 2017.**

"Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent. of the said penalty, in addition to the amount payable under the proviso to sub-section (6) of section 107 has been paid by the appellant.".

12. In the principal Act, after section 122A, the following section shall be inserted, namely: **Insertion of new section 122B of Guj. 25 of 2017.**

Penalty for failure to comply with track and trace mechanism.

"122B. Notwithstanding anything contained in this Act, where any person referred to in clause (b) of sub-section (1) of section 148A acts in contravention of the provisions of the said section, he shall, in addition to any penalty under Chapter XV or the provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees or ten per cent. of the tax payable on such goods, whichever is higher.".

13. In the principal Act, after section 148, the following section shall be inserted, namely: – **Insertion of new section 148A of Guj. 25 of 2017.**

Track and trace mechanism for certain goods.

"148A. (1) The Government may, on the recommendations of the Council, by notification, specify, –

(a) the goods;

(b) persons or class of persons who are in possession or deal with such goods,

to which the provisions of this section shall apply.

(2) The Government may, in respect of the goods referred to in clause (a) of sub-section (1), –

(a) provide a system for enabling affixation of unique identification marking and for electronic storage and access of information contained therein, through such persons, as may be prescribed; and

(b) prescribe the unique identification marking for such goods, including the information to be recorded therein.

(3) The persons referred to in sub-section (1), shall, –

(a) affix on the said goods or packages thereof, a unique identification marking, containing such information and in such manner;

(b) furnish such information and details within such time and maintain such records or documents, in such form and manner;

(c) furnish details of the machinery installed in the place of business of manufacture of such goods, including the identification, capacity, duration of operation and such other details or information, within such time and in such form and manner;

(d) pay such amount in relation to the system referred to in sub-section (2),

as may be prescribed.".

Amendment of Schedule III of Guj. 25 of 2017.

14. In the principal Act, in Schedule III, –

(i) in paragraph 8, after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely: –

"(aa) Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area;";

(ii) in Explanation 2, after the words "For the purposes of", the words, brackets and letter "clause (a) of" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017;

(iii) after Explanation 2, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely: —

"*Explanation* 3. — For the purposes of clause (aa) of paragraph 8, the expressions "Special Economic Zone", "Free Trade Warehousing Zone" and "Domestic Tariff Area" shall have the same meanings respectively as assigned to them in section 2 of the Special Economic Zones Act, 2005.". **28 of 2005.**

No refund of tax collected.

15. No refund shall be made of all such tax which has been collected, but which would not have been so collected, had section 15 been in force at all material times.

Repeal and saving.

16. (1) The Gujarat Goods and Services Tax (Second Amendment) Ordinance, 2025 is hereby repealed. **Guj. Ord. 1 of 2025.**

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

The Gujarat Goods and Services Tax Act, 2017 was enacted with a view to making a provision for levy and collection of tax on intra-State supply of goods or services or both by the Government of Gujarat.

Various decisions have been taken by the Goods and Services Tax Council in its 55th meeting requiring amendments in the Goods and Services Tax Laws. Accordingly, the Central Goods and Services Tax Act, 2017 has been amended by the Parliament by the Finance Act, 2025. Now, with a view to implementing the recommendations of the Goods and Services Tax Council as soon as possible and in order to maintain the uniformity in applicability of the provisions of the Central Goods and Services Tax Act, 2017 and the Gujarat Goods and Services Tax Act, 2017, it is considered necessary to amend the Gujarat Goods and Services Tax Act, 2017.

As the Legislative Assembly of the State of Gujarat is not in session, the Gujarat Goods and Services Tax (Second Amendment) Ordinance, 2025 was promulgated to amend the Gujarat Goods and Services Tax Act, 2017 to achieve the aforesaid object. Therefore, the Bill seeks to replace the said Ordinance by an Act of the State Legislature.

The following notes on clauses explain, in brief, the important provisions of this Bill: -

Clause 1.- This clause provides for the short title and commencement.

Clause 2.- This clause seeks to amend section 2 of the Gujarat Goods and Services Tax Act relating to definitions.

It is proposed to amend the definition of "Input Service Distributor" in clause (61) of said section 2 so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-state supplies, on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of the Integrated Goods and Services Tax Act in the definition of Input Service Distributor.

This amendment shall take effect from 1st day of April, 2025.

It is further proposed to amend sub-clause (c) of clause (69) of section 2 so as to substitute the term "municipal or local fund" with the terms "municipal fund or local fund" and to insert an Explanation after the said sub-clause, to provide the definitions of the terms "local fund" and "municipal fund" used in the definition of "local authority" under the said clause so as to clarify the scope of the said terms.

It is also proposed to insert a new clause (116A) in section 2 so as to define the expression "unique identification marking" to mean a mark that is unique, secure and nonremovable, for implementation of track and trace mechanism.

Clause 3.- This clause seeks to delete sub-section (4) of section 12 of the Gujarat Goods and Services Tax Act so as to remove the provision for time of supply in respect of transaction in vouchers, the same being neither supply of goods nor supply of services.

Clause 4.- This clause seeks to delete sub-section (4) of section 13 of the Gujarat Goods and Services Tax Act so as to remove the provision for time of supply in respect of transaction in vouchers, the same being neither supply of goods nor supply of services.

Clause 5.- This clause seeks to amend clause (d) of sub-section (5) of section 17 of the Gujarat Goods and Services Tax Act so as to substitute the expression "plant or machinery" with the expression "plant and machinery" to remove any ambiguity in interpretation for the purpose of availment of input tax credit in such cases.

It further seeks to insert an Explanation to clarify that the said amendment is made notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other authority.

This amendment shall take effect retrospectively from 1st day of July, 2017.

Clause 6.- This clause seeks to amend sub-section (1) of section 20 of the Gujarat Goods and Services Tax Act so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-State supplies, on which tax has to be paid on reverse charge basis, by inserting a reference to sub-section (3) and sub-section (4) of section 5 of the Integrated Goods and Services Tax Act in the said sub-section.

It further seeks to amend sub-section (2) of the said section so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-State supplies, on which tax has to be paid on reverse charge basis, by inserting reference to subsection (3) and sub-section (4) of section 5 of the Integrated Goods and Services Tax Act in the said sub-section.

This amendment shall take effect from 1st day of April, 2025.

Clause 7.- This clause seeks to amend the proviso to sub-section (2) of section 34 of the Gujarat Goods and Services Tax Act so as to explicitly provide for the requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.

It further seeks to remove the condition in the said proviso of not having passed the incidence of interest on supply for the purpose of reduction of tax liability of the supplier in respect of the said credit note.

Clause 8.- This clause seeks to amend sub-section (1) of section 38 of the Gujarat Goods and Services Tax Act to omit the expression “auto-generated” with respect to statement of input tax credit in the said sub-section.

It further seeks to amend sub-section (2) of the said section by omitting the expression “auto-generated” with respect to statement of input tax credit in the said subsection and inserting the expression “including” after the words “by the recipient” in clause (b) of said sub-section so as to make the said sub-section inclusive to cover other cases where input tax credit is not available to taxpayer under any other provisions of the Act.

It further inserts a new clause (c) in the said sub-section to provide for an enabling clause to prescribe other details to be made available in statement of input tax credit.

Clause 9.- This clause seeks to amend sub-section (1) of section 39 of the Gujarat Goods and Services Tax Act so as to provide for an enabling clause to prescribe conditions and restriction for filing of return under the said sub-section.

Clause 10.- This clause seeks to substitute the proviso to sub-section (6) of section 107 of the Gujarat Goods and Services Tax Act to provide for the requirement of pre-deposit of ten per cent. of the penalty amount for filing an appeal before the Appellate Authority against an order which involves demand of penalty without involving any demand of tax.

Clause 11.- This clause seeks to insert a proviso to sub-section (8) of section 112 of Gujarat Goods and Services Tax Act to provide for the requirement of pre-deposit of ten per cent. of the penalty amount for filing an appeal before the Appellate Tribunal against an order which involves demand of penalty without involving any demand of tax.

Clause 12.- This clause seeks to insert a new section 122B in the Gujarat Goods and Services Tax Act to provide for penal provisions for contraventions of the provision relating to track and trace mechanism.

Clause 13.- This clause seeks to insert a new section 148A in the Gujarat Goods and Services Tax Act so as to provide for an enabling provision for implementation of track and trace mechanism for ensuring effective monitoring and control of supply of specified commodities.

Clause 14.- This clause seeks to insert a new clause (aa) in paragraph 8 of Schedule III of the Gujarat Goods and Services Tax Act to specify that the supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area shall be treated neither as supply of goods nor as supply of services.

It further seeks to amend the Explanation 2 of the said Schedule to clarify that the said Explanation shall be applicable in respect of clause (a) of paragraph 8 of the said Schedule.

It also seeks to insert an Explanation 3 in the said Schedule to define the expressions "Special Economic Zone", "Free Trade Warehousing Zone" and "Domestic Tariff Area", for the purpose of the proposed clause (aa) in paragraph 8 of said Schedule.

These amendments shall take effect retrospectively with effect from the 1st day of July, 2017.

Clause 15.- This clause seeks to clarify that no refund of the tax, already paid in respect of the aforesaid activities or transactions, shall be available.

Clause 16. This clause seeks to provide for repeal of Gujarat Ordinance No. 1 of 2025 and saving thereof.

KANUBHAI DESAI,

MEMORANDUM REGARDING DELEGATED LEGISLATION

This Bill involves the delegation of legislative powers in the following respects: -

Clause 1.- Sub-clause (2) of this clause empowers the State Government to appoint, by notification in the *Official Gazette*, the date on which the provisions of this Act except section 6 shall come into force.

Clause 8.- New clause (c) in sub-section (2) of section 38 proposed to be inserted by this clause empowers the State Government to prescribe by rules, the other details to be made available in the statement.

Clause 13.- (i) Sub-section (1) of new section 148A of the Gujarat Goods and Services Tax Act, 2017 proposed to be inserted by this clause empowers the State Government to specify, by notification, the goods and the person or class of persons to which the provisions of this section shall apply.

(ii) Sub-section (2) of new section 148A of the Gujarat Goods and Services Tax Act, 2017 proposed to be inserted by this clause empowers the State Government to prescribe by rules, the persons by whom a system shall be provided for enabling affixation of unique identification marking and for electronic storage and access of information contained therein. It further empowers the State Government to provide by rules the Unique Identification marking for goods including the information to be recorded therein.

(iii) Sub-section (3) of new section 148A of the Gujarat Goods and Services Tax Act, 2017 proposed to be inserted by this clause empowers the State Government to prescribe by rules, the information to be contained in, and the manner of affixing a unique identification marking on the goods and packages, the form and the manner and the time for furnishing information and details and maintaining records or documents under clause (b), the time within which and the form and manner in which other details shall be furnished under clause (c) and the amount to be paid under clause (d) of the said sub-section.

The delegation of legislative powers, as aforesaid, is necessary and is of normal character.

Dated the 1st September, 2025. **KANUBHAI DESAI.**

By order and in the name of the Governor of Gujarat,

K. M. LALA,

Gandhinagar, Secretary to the Government of Gujarat,
Dated the 1st September, 2025. Legislative and Parliamentary Affairs Department.

Signature Not Verified
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